

Honolulu, Hawaii

FEB 12 2014

RE: S.B. No. 2196
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Energy and Environment and Agriculture, to which was referred S.B. No. 2196 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Re-establish the energy systems development special fund;
- (2) Increase the amount of the environmental response, energy, and food security tax to be deposited into the environmental response revolving fund, energy security special fund, and agricultural development and food security special fund; and
- (3) Extend the repeal of various allocations of the environmental response, energy, and food security tax from June 30, 2015, to June 30, 2030.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Agriculture; Department of Health; Public Utilities Commission; Hawai'i Natural Energy Institute; County of Kauai Office of Economic Development; Hawaii Renewable Energy Alliance; Renewable Energy Action Coalition of Hawaii; Ulupono Initiative; Nature Conservancy; Hawai'i Energy Policy Forum; Sierra Club of Hawaii; Hawai'i Green Growth; Blue Planet Foundation; and



one individual. Your Committees received testimony in opposition to this measure from The Chamber of Commerce of Hawaii and one individual. Your Committees received comments on this measure from the Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committees find that the energy systems development special fund sunset in June 2013, returning the 10 cent tax on each barrel of petroleum product imported in Hawaii to the general fund. Re-establishing the energy systems development special fund will provide funding to support Hawaii projects important for achieving state energy goals, such as renewable power generation, advanced transportation, energy efficient end-use technologies, and the integration of systems to allow increased renewable use.

Your Committees further find that the environmental response, energy, and food security tax funds vital sustainability measures to help make Hawaii more self-sufficient. This tax was designed to support critical investments in clean energy, local agricultural production, and environmental response; reduce the State's dependence on imported fossil fuels and food products; and support environmental activities and programs. The environmental response, energy, and food security tax further represents a balanced approach to public policy where an increase in fossil fuel consumption would generate more funding in these initiatives. During difficult economic times, the fund was intended to be diverted only temporarily toward the general fund. However, the fund has yet to be restored to its original purpose of environmental restoration.

Your Committees have amended this measure by:

- (1) Further increasing the amount of environmental response, energy, and food security tax deposited into the environmental response revolving fund from 10 cents to 15 cents;
- (2) Decreasing the amount of tax deposited into the energy security special fund from 42.5 cents to 25 cents;
- (3) Decreasing the amount of tax deposited into the agricultural development and food security special fund from 42.5 cents to 25 cents; and



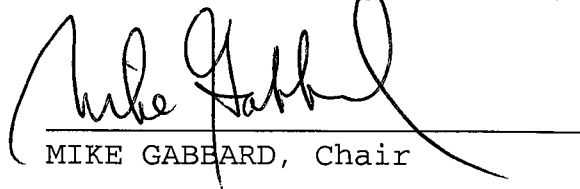
- (4) Extending the sunset date to June 30, 2030, for the deposit of a portion of the environmental response, energy, and food security tax into the:
- (A) Environmental response revolving fund;
 - (B) Energy security special fund, including an extension of certain uses of monies in that fund and reporting related to that fund; and
 - (C) Agricultural development and food security special fund.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2196, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2196, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Agriculture,



CLARENCE K. NISHIHARA, Chair

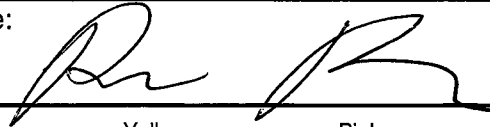


MIKE GABBARD, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 2196	Committee Referral: ENE/AGL, WAM	Date: 2/6/14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RUDERMAN, Russell E. (VC)	X			
CHUN OAKLAND, Suzanne	X			
IHARA, Jr., Les				X
SLOM, Sam				X
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; margin-top: 10px;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

